

§ 3203.5

43 CFR Ch. II (10–1–96 Edition)

the public lands included in the application). The description in the lease application shall in all other respects conform to the requirements of paragraph (b) of this section. Such description would not be deemed for any purpose to describe the true water boundaries of the lease, such boundaries in all cases being the ordinary high water mark of the navigable waters. The land boundaries of such overall area shall include only the public lands embraced in the application. The applicant shall agree to pay rental on the full acreage included within the description with the understanding that rights under any lease to be issued on that application will apply only to the areas within that description properly subject to lease under the act, but that the total area described will be considered as the lease acreage for purposes of rental payments, acreage limitations under §3201.2 of this chapter and the maximum or minimum area to be included in a lease pursuant to §3203.2. The tract should be shown in outline on a current quadrangle sheet published by the U.S. Geological Survey or such other map as will adequately identify the lands described.

§3203.5 Diligent exploration.

Each geothermal lease shall include provisions requiring diligent exploration until there is a well(s) capable of commercial production on the leased lands. Diligent exploration means postlease field operations, conducted by the operator, on or related to the leased lands. Diligent exploration operations include, but are not limited to, geochemical surveys, heat flow measurement, core drilling or test drilling of test wells. To qualify as diligent exploration, the results and associated expenditures of operation shall be submitted to the authorized officer in accordance with applicable regulations. In addition, to qualify after the fifth year of the lease, operations shall exceed minimum per acre expenditure in accordance with the following table:

| Lease year | Expenditure per acre |
|------------|----------------------|
| 6 | \$4 |
| 7 | 6 |
| 8 | 8 |

| Lease year | Expenditure per acre |
|-------------|----------------------|
| 9 | 10 |
| 10–15 | 12 |

All expenditures qualifying as diligent exploration during the first 5 years of a lease, and all expenditures during any subsequent year in excess of the minimum requirement, shall be credited by the authorized officer against the requirement for successive years. However, in lieu of performing the minimum required diligent exploration in any lease year in which a minimum requirement is specified, the lessee may exercise the option of paying an additional rental of \$3 per acre or fraction thereof. Failure to either pay the additional rental or complete the minimum required diligent exploration by the end of a lease year shall subject the lease to cancellation. However, leases extended under §3203.1–4(c) shall not be required to perform diligent exploration.

[48 FR 17044, Apr. 20, 1983, as amended at 53 FR 17368, May 16, 1988; 54 FR 13887, Apr. 6, 1989 and 55 FR 26443, June 28, 1990]

§3203.6 Plans of development and operation.

No entry upon the leased lands for purposes other than casual use as defined in §3209.0–5 of this title will be permitted until either a notice of intent or a plan of operation has been approved.

(a) The operator shall submit a notice of intent in accordance with § 3264.4 of this title prior to entry upon the lands for purposes of conducting exploration operations as defined in §3209.0–5 of this title.

(b) The operator shall submit a plan of operation pursuant to §3262.4 of this title, prior to entry upon the leased lands for purposes of drilling exploratory and development wells, including construction of testing and production facilities, except as provided in paragraph (a) of this section. Subsequent well operations shall be conducted under a modified or amended plan of operations as provided in §3262.4–2 of this title.

[44 FR 12038, Mar. 5, 1979, as amended at 53 FR 17368, May 16, 1988]